Unemployment rate remains at 3.5% in March

Media Release

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Source: Labour Force, Australia, March 2023

The seasonally adjusted unemployment rate remained at 3.5 per cent in March, according to data released today by the Australian Bureau of Statistics (ABS).

Lauren Ford, ABS head of labour statistics said: "with employment increasing by around 53,000 people, and the number of unemployed decreasing by 1,600 people, the unemployment rate remained at a near 50-year low of 3.5 per cent."

"In line with the increase in employment, the employment-to-population ratio increased 0.1 percentage point to 64.4 per cent, with the participation rate remaining at 66.7 per cent. Both indicators were close to their historical highs in November 2022, reflecting a tight labour market and explaining why employers are finding it hard to fill the high number of job vacancies."

"With consecutive months of strong growth in female employment (up 81,000 over the past two months), the female participation rate increased to a record high of 62.5 per cent, and their employment-to-population ratio also hit a historical high of 60.4 per cent," Ms Ford said.

Hours worked

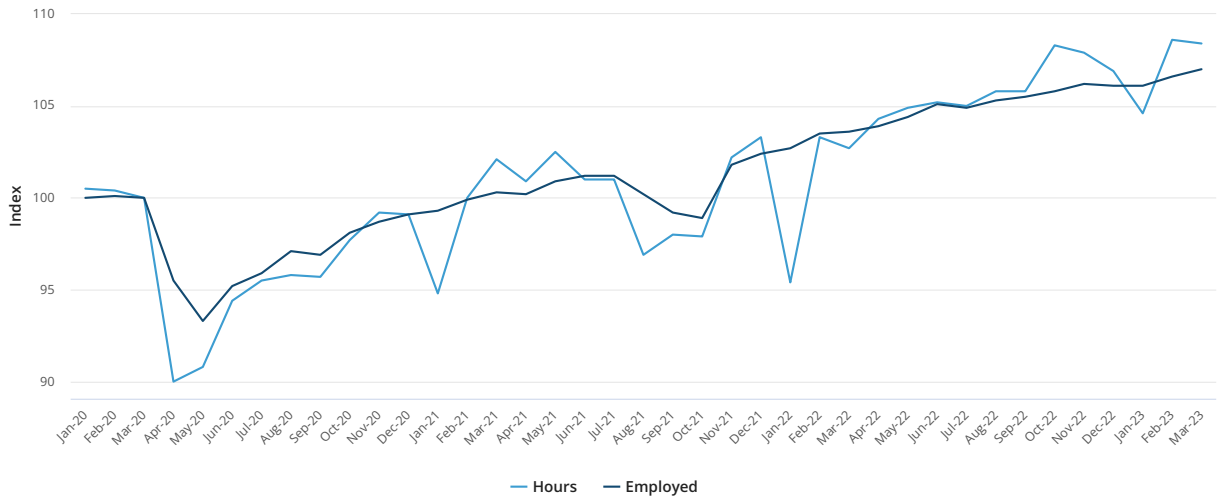
Seasonally adjusted monthly hours worked fell by 0.2 per cent in March 2023, following the strong 3.8 per cent increase in February, and also continued to reflect a tight labour market.

"Over the past 12 months, hours worked has increased 5.5 per cent, outpacing the 3.3 per cent increase in employment. Since March 2020, hours worked have increased 8.4 per cent,

compared to a 7.0 per cent increase in employment.

"The strength in hours worked relative to employment shows the high level of demand for labour, to some extent, is being absorbed by people working more hours," Ms Ford said.

Seasonally adjusted employment and hours worked, indexed to March 2020



Source: Labour Force, Australia Tables 1 and 19

Underemployment and underutilisation

The seasonally adjusted underemployment rate rose 0.4 percentage points to 6.2 per cent, following the 0.3 percentage points decrease in February.

"The underemployment rate continues to be low in historic terms, being 2.5 percentage points lower than before the pandemic. This continues to be underpinned by consistently faster growth in hours worked," Ms Ford said.

The underutilisation rate, which combines the unemployment and underemployment rates, rose 0.4 percentage points to 9.7 per cent, but remained 4.2 percentage points lower than

in March 2020.

Underlying trend data

Trend employment increased by 31,700 people (0.2 per cent) in March 2023, and trend monthly hours worked increased 0.2 per cent.

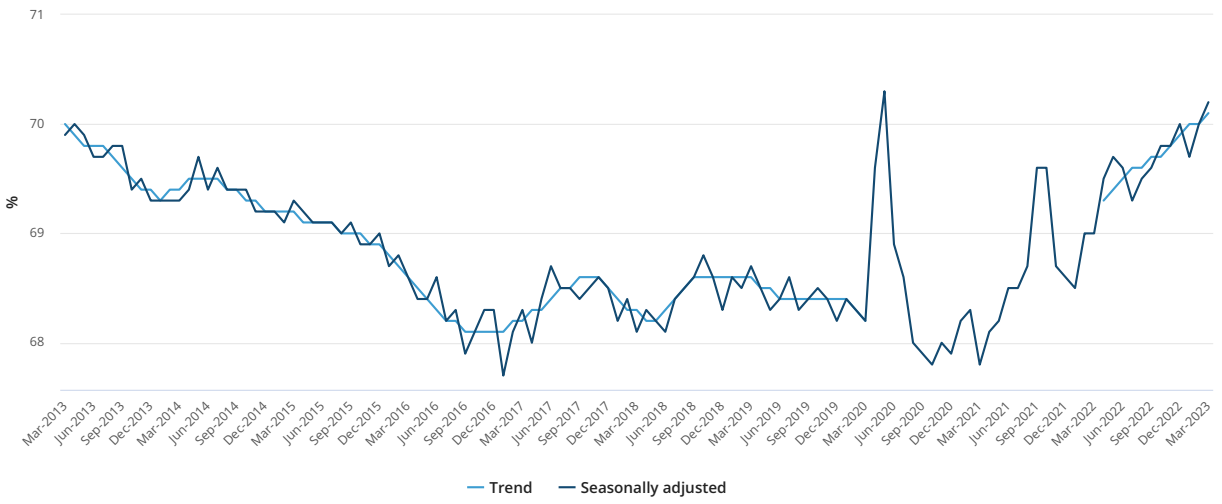
"The latest monthly percentage increase in trend employment was slightly higher than the monthly average increase for the 20 years before the pandemic," Ms Ford said.

"However, the latest monthly percentage increase in trend hours worked was almost twice the longer-term average, consistent with the relative strength in hours worked over the past year."

In line with the stronger increase in hours worked, most of the recent net employment growth has been in full-time employment, resulting in a higher share of full-time employment than there was pre-pandemic.

"Around 68.2 per cent of employed people were full-time workers just prior to the pandemic, with this share having generally trended down over the decades through to 2017. It has now increased to 70.1 per cent in March 2023, around where it was a decade ago," Ms Ford said.

Full-time share of employment



Source: Labour Force, Australia, Table 1

Large month-to-month changes occurred during the COVID-19 pandemic, resulting in multiple trend breaks. The ABS recommends caution when using trend estimates published in spreadsheets in this release for this period. Information on trend breaks can be found in Labour Force, Australia methodology, March 2023 (/methodologies/labour-force-australia-methodology/mar-2023) .

The trend unemployment rate remained at 3.5 per cent for the eighth consecutive month, while the trend underemployment rate rose slightly to 6.1 per cent.

The trend participation rate rose less than 0.1 percentage point to 66.8 per cent, the highest rate in the trend series.

The trend employment to population ratio remained at 64.4 per cent for the eight consecutive month.

“In trend terms, the elevated employment-to-population ratio and participation rate, along with the low unemployment and underemployment rates, all point to a consistently tight labour market," Ms Ford said.

Further information, including regional labour market information, will be available in the upcoming March 2023 issue of Labour Force, Australia, Detailed, due for release on Thursday 20 April 2023.

The ABS would like to thank Australians for their continued support in responding to our surveys.

Media notes

- The March survey reference period was from 26 February to 11 March 2023.
- The April survey reference period is from 2 April to 15 April 2023.
- To learn more about our different labour measures, their purpose and how to use them, see our new Guide to labour statistics (/statistics/understanding-statistics/guide-labour-statistics) . It provides summary information on labour market topics including Industry employment (/statistics/understanding-statistics/guide-labour-statistics/industry-employment-guide) data.
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